

99-00507

From: "Natsch, Cynthia J" <Cynthia.Natsch@CIGNA.com>
To: "'mmalone@mail.state.tn.us'" <mmalone@mail.state.t...
Date: 7/7/00 11:26am
Subject: Lynnwood utilities

Mr. Malone:

I am corresponding with you in reference to the recent rate increase by
Lynnwood Utility.
As a resident of Cottonwood subdivision, Franklin, TN, I would like to
express my
dissatisfaction with the rate increase.

A reasonable rate increase is to be expected in any utility over time,
however the rate increase
of \$5.77 per 1000 gallons of water is ridiculous. Not only is this about a
300% increase for
the subdivision, it is also app. 60 to 70 percent higher than other local
sewer services.

(Another area of concern are the new housing development "projections" under
the realm of
Lynnwood Utility. This utility company is owned by the land developers of the
adjacent River Landing
and Legends Ridge subdivisions.)

Your investigation into the matter and appropriate corrective action is
requested.

Cindy Natsch
CIGNA Printing and Distribution
Tele# 615.595.3616
Fax# 615.771.2701
Email: Cynthia.Natsch@CIGNA.com

228 Countryside Drive
Franklin, TN 37069

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From: <EZinckgraf@amsurg.com>
To: <mmalone@mail.state.tn.us>
Date: 7/7/00 9:40am
Subject: Lynwood Utility Rate Increases-Cottonwood Subdivision

99-00507

Dear Mr. Malone,

As a five-year Cottonwood Subdivision resident, I want to express my concern over the recent rate increases for Lynwood Utility approved by the Tennessee Regulatory Authority. It is my understading that on July 11th you will consider our petition for reconsideration. I hope you and your commitee will consider the following points in your review:

1. Lynwood Utility has been owned since 1996 by parties involved in the development of two new subdivisions, Legends Ridge and River Landing, which are also serviced by Lynwood Utility. There is certainly potential for conflict of interest in this scenario, which lends some doubt as to the validity of the information Lynwood has provided to the Commission.

2. The Cottonwood Homeowners Association communicated in good faith with these parties to be involved in decisions that would effect the rates. In return, Lynwood did not actively communicate back to the Board regarding the scheduled hearings for the proposed rate increase. It is my understanding that the residents of Cottonwood were not directly represented at your May 10th hearing.

3. Lynwood's new rate of \$5.77 per 1000 gallons of water used is an increase of 300-400% for Cottonwood Residents. This rate is approximately 70% higher than other sewer service rates in our area.

4. Lynwood Utility significantly understated revenue projections by not including many of the residences that will be built and paying sewer fees from the two new subdivisions.

5. The calculation of our rates based on water usage does not accurately reflect the inmpact of individual household sewer usage. If I choose to use water for landscaping (and pay for that water) I should not be penalized financially for sewer usage.

Certainly an important issue related to this hearing should be the required upgrades to Lynwood Utility's plant. However, Lynwood Utility took upon itself a major expansion as well as upgrade, for which the residents of Cottonwood should not be responsible. The costs of expansion should be directly passed back to the developers and/or residents of the two new subdivisions!

Thank you for your consideration of these points as you discuss the petition.

Sincerely,

Eric P. Zinckgraf
Tiffany C. Zinckgraf

113 Cottonwood Drive
Franklin, TN 37069
(615) 794-3129

101 Riverwood Dr.
Franklin, TN 37069-4178
July 3, 2000

99-00507

Mr. Melvin Malone
Chairman Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Dear Mr. Malone,

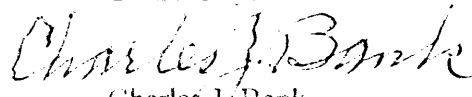
My wife and I own our home in the Cottonwood Addition, which is served by the Lynnwood Utility Co. Recently, under new ownership and a new arrangement for collecting sewer charges, the rate has increased so that our charges have tripled or more. We believe the new rate of \$5.75 per 1000 gallons is excessive and should be reduced to something reasonable.

We live on the corner of Riverwood Drive and Cotton Road. Since this is one of the entrances to our community, we have tried to keep our lawn, trees and flowers looking nice so as to create a nice impression of our neighborhood. This has required a great deal of irrigation during the summer months, and we have done this to the extent that water was available. But now that our sewer charges are based on water usage, as a retired couple we will not be able to afford this expense.

It seems to us that either the rate should be reduced to something more reasonable, or some sort of rate averaging should be done so that we do not pay sewer fees for water used in summer months to water our lawns, trees and plants.

Please give consideration to the above.

Yours truly,


Charles J. Bank

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JUL - 7 2000

TN REGULATORY AUTHORITY

William E. Young

July 3, 2000

Mr. Melvin Malone, Chair
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Dear Mr. Malone,

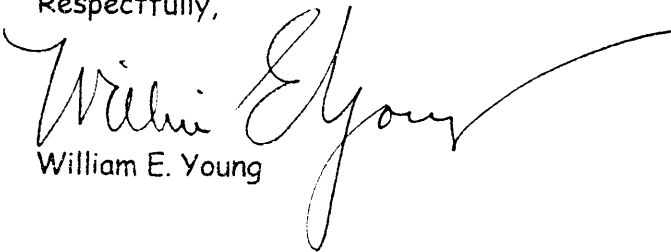
As a twenty-five year resident of Cottonwood Subdivision, and now retired, I am greatly concerned about the Tennessee Regulatory Authority approval of Lynnwood Utility's requested rate increase.

This decision has already become evident. This borders on being ludicrous. It is most definitely outrageous!

I firmly believe this rate increase is grossly excessive and should not be allowed to stand.

Your assistance in reducing this exaggerated rate will be greatly appreciated.

Respectfully,


William E. Young

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JUL 7 2000

IN REGULATORY AUTHORITY

605 Williamsburg Drive, Franklin, TN 37069 + Phone (615) 790-0441
Childhood Education/Administration and Family Life Consultant
Member, Board of Directors
International Network of Children's Ministry
Nashville Area Association for the Education of Young Children

James R. McIntyre
103 Gillette Drive
Franklin, TN 37069

99-00507

June 29, 2000

Mr. Melvin Malone, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

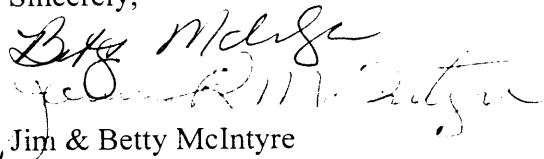
Dear Mr. Malone:

We are writing today to protest the approval of the Lynwood Utility District's new rate increase. The new rate of \$5.77 per 1000 gallons of water used is a sudden quadrupling of water and sewer rates and is alarming.

It appears that the consumer's interests have been abused in order to secure the profitability of the subdivision developers that have fostered the rate increases. David Terry and Smith, Crowe, & Wilson are getting away with robbery. These developers have misled us, and their complex financial dealings must be investigated thoroughly.

Please consider the Petition for Reconsideration at you July 11 meeting.

Sincerely,


Jim & Betty McIntyre

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TN REGULATORY AUTHORITY

July 3, 2000

Mr. Melvin Malone
Director Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

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TN REGULATORY AUTHORITY

Dear Mr. Malone:

I am writing to express my disappointment in the recent rate increase by Lynnwood Utilities for sewage service. There seem to be a number of questionable reasons for the steep increase in the monthly fee that Cottonwood residents are now paying:

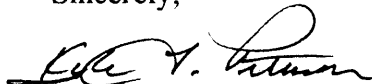
1. The increase subsidizes the lack of access fees to have been paid for by David Terry for Legends Ridge dwellings -
2. Revenue projections do not take into account new dwellings in Legends Ridge and River Landing -
3. This rate was assigned to Cottonwood to shoulder without fully investigating the financial arrangements made by the David Terry and Smith, Crowe Wilson, LLC -

Equally disturbing is the commitment by Lynnwood that Cottonwood homeowners would not be adversely affected by the expansion plans. My monthly sewage bill has increased from \$14.25 to \$36.93 for 28 days of service (April 14 to May 12) for 6400 gallons of water usage. This represents a 260% increase. We are now paying a ridiculous \$5.77 per gallon for sewage. This is higher than our water rate of \$4.68 per gallon.

Interestingly, Franklin City charges sewage fees of \$2.38 per 1000 gallons for residents within the city limits, which translates to \$15.23 fee for the same 28 day period for my home.

It is apparent that Cottonwood is subsidizing the expansion of Lynnwood Utility, paying an excessive rate for sewage, and probably unsound financial reviews/assumptions were made to arrive at this rate increase. I do not feel this rate is appropriate. While expansions/improvements to public or private utilities are inevitable, TRA should reconsider this increase, review the financial agreements among the developers, and consider the new dwellings in Legends Ridge and River Landing when determine future revenue. Please feel free to call, write, or E-mail a response to my concerns.

Sincerely,



Kyle L. Peterson

303 Cypress Court, Franklin TN 37069
615-791-9331
Peter2118@aol.com

Mr. Melvin Malone,

This letter is regarding the significant rate increases assessed against Cottonwood subdivision owners on behalf of Lynnwood Utility. This rate increase is 300-400% of the previous fee. Lynnwood's owners misled and misrepresented their plans to the Cottonwood Homeowners' Association.

The land developers who became Lynnwood Utility owners have engaged in a complex sequence of financial arrangements that must be more fully explored by the Tennessee Regulatory Authority to ensure that Lynnwood Utility's customers' interests have not been sacrificed to secure the profitability of the owners' developments.

Please reconsider this matter and measure the fairness of this enormous increase compared to the true cost of the services being received.

Thanks for your help in this matter.

Sincerely,

Melvin Malone

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JUL - 7 2000

TN REGULATORY AUTHORITY

Roger Day
1503 Country Club Court
Franklin, TN 37069
615.794.7794
RDayEmail@aol.com

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JUL 7 2000

July 6, 2000

TN REGULATORY AUTHORITY

Mr. Melvin Malone
Chairman - Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Dear Mr. Malone,

I'm writing to you with the sincere hope that you and the other members of the Tennessee Regulatory Authority will reconsider the rate increase you recently approved for Lynnwood Utility and the Cottonwood Subdivision north of Franklin. **My first billing went from \$14.25 per month to \$41.54 per month - an increase of almost 3 times or roughly 200%.** I'm not sure what your intention was in approving this increase but by any reasonable measurement a bill that triples in the space of one month must be considered excessive.

As you and the other board members reconsider this rate increase, I would ask also that you review more thoroughly the link between the rate increase by the owners of Lynnwood Utility (David Terry followed by Smith, Crowe, Wilson, LLC) and their development of the Legends Ridge and River Landing subdivisions. At best these owners misled the Cottonwood Homeowner's Association and the TRA regarding their intentions as owners of Lynnwood and any potential conflict of interest in requesting a rate increase and the result that an increase would, in effect, subsidize their efforts as land developers. At worst they simply lied.

Though I will be unable to personally attend Tuesday's meeting, my neighbors and I will follow closely whatever action you and the other members take on this matter.

Thank you for your time and attention.

Sincerely yours,

Roger Day

Randolph S. Jones
170 Cottonwood Dr.
Franklin, TN 37069
615-794-2170
July 5, 2000

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JUL - 7 1998

TN REGULATORY AUTHORITY

99-0050

Mr. Melvin Malone
Chair - Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Dear Sir:

I am a Cottonwood resident and a customer of Lynwood Utility. I would like to inform you of my opposition to the recent rate hike granted to Lynwood Sewer Utility. First, it is my belief that the current owners are passing on the debt they assumed from Dave Terry to us the customers in Cottonwood via the rate increase. It is my understanding that this debt was approximately \$300,000 and resulted from the waving of tap fees to residents in Legends Ridge. Irresponsible management should not be underwritten on the financial backs of Lynwood's existing customers. This sets a bad principle of allowing business to operate without jeopardy of failure and financial loss. They should not be allowed to pass on these losses to their customers who had nothing to gain from the venture. Second, I believe the rate hikes are out of line with the current market rate for other sewer service providers in this surrounding community. Our rates at \$5.77/thousand gallons are almost double other rates. It has resulted in almost a 200% increase from our previous bill. Third, customers under the approved rate structure are being billed for gross water usage year round regardless if the waste goes through house to the sewer or the water is used for irrigation of landscaping. Why should Lynwood be allowed to collect fees on water they do not have to process though facility?

Consider this as well, according to Lynwood's own profit and loss forecast for 2000, they are meeting operating expenses with current revenue. The directors should be aware that the capacity of Lynwood before the recent upgrade was around 250,000 per day. After the expansion, the new capacity is around 600,000 gallons per day. With the existing base of customers, Lynwood is only utilizing about 50% -60 % of this new capacity. Yet, they are charging their customers a rate to cover all their operating expenses and overhead as if they were operating at full capacity and there were not going to be any additional customers. When all the customers in Legends Ridge and Rivers Landings are hooked up, as in their plan, their revenues will not only exceed operating expenses but their allowed 8% return on investment. Plus, they will still be operating at around 75%-80% capacity, allowing them to seek out new customers and expand revenue further. It is obvious that whatever new customers they add will only contribute to a gross profit far beyond operating expenses.

I do not understand why the TRA did not consider structuring the rates at a fee level based on real usage growth and capacity of at least 80% or more. I believe that Lynwood should project their future revenue with this growth in mind and based their fees more modestly keeping in mind the economies of scale they will gain from near or full capacity and usage.

When you next consider the Lynwood case on your agenda in July keep these facts in mind. I urge you to vote for a restructuring of Lynwood's fees or at least to put a hold on the rate increase until further consideration is given to the facts I have presented in this communication. Also, whatever rate structure we are billed under should also include consideration for the use of water for irrigation of my lawn. Lynwood should not be allowed to collect fees for any water usage they have not processed through their plant. It is my understanding that rate averaging is the standard method used to alleviate this problem. Please consider this as well.

Sincerely,


Randolph "Randy" S. Jones

Thomas V. Wilk
161 Riverwood Drive
Franklin, TN 37069

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JUL 7 2000

July 5, 2000

TN REGULATORY AUTHORITY

Mr. Melvin Malone
Chairman – Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Dear Mr. Malone:

I am writing to you because I am a current user of the Lynnwood Utility. It is my understanding the current owners of Lynnwood Utility have presented to the Tennessee Regulatory Authority a rate increase proposal that would quadruple my current sewer rates. I think this is a serious injustice and believe it to be a grossly excessive rate increase.

For your benefit, the developers of the Legends Ridge and River Landing subdivisions have owned the Lynnwood Utility. They owned the utility because they needed access to and control of a sewerage treatment plant in order to be able to develop their subdivisions.

During the course of various informational meetings with Lynwood Utility, their owners misled and misrepresented their plans to the Cottonwood Homeowner's Association Board of Directors. This lead our board to believe that rates paid by Cottonwood residents would not be adversely affected by Lynnwood's treatment plant expansion plans.

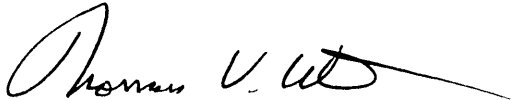
The land developers who became Lynnwood Utility owners (David Terry followed by Smith, Crowe, Wilson LLC) have engaged in a complex sequence of financial arrangements that must be more fully explored by the TRA to ensure that Lynnwood Utility's customers interests have not been sacrificed to secure the profitability of David Terry's and Smith, Crowe, Wilson's land development.

Lynnwood's new rate of \$5.77 per 1000 gallons of water used is an increase of between 300% -400% for Cottonwood residents. The new rate increase is approximately 70% higher than the other sewer services surrounding Cottonwood.

The revenue projections provided to the TRA by Lynnwood Utility are grossly understated due to their failure to reflect revenue generated by the number of additional households coming on line in the Legends Ridge and River Landing subdivisions.

I appreciate your consideration while reviewing this matter. I think you will find the facts don't support the need for a 300% - 400% sewer rate increase by the Lynnwood Utility. Thank you in advance.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas V. Wilk", with a long, sweeping horizontal line extending to the right.

Thomas V. Wilk

Copy: File

Subject: Lynnwood Utility Increase - Petition for Reconsideration

Date: Fri, 30 Jun 2000 18:53:19 -0500

From: Barbara Reed <aarbbr@home.com>

Organization: @Home Network

To: mmalone@mail.state.tn.us, skyle@mail.state.tn.us, lgreer@mail.state.tn.us,
rep.charles.sargent@legislature.state.tn.us, sen.marsha.blackburn@legislature.state.tn.us

997507

Our sewer bill, from Lynnwood Utility has now tripled from \$15 to \$45. This is an outrageous increase. This new sewer rate is approximately 70% higher than other sewer services in our area, per Chris Martin, Lynnwood Liaison of the Cottonwood Homeowner's Association.

We need your help to reconsider the approval of Lynnwood Utility's rate increase which took place on May 10th. The Petition for Reconsideration will be discussed at the TRA meeting on July 11, 2000 at 9:00 AM. We would like the basic rate we are now paying for sewer service to be reduced. In addition, we feel like winter water usage rates should be averaged, and used for summer month billing, so that we do not pay sewer fees to keep flowers and bushes alive. (At these rates - we can't even imagine trying to water the grass!)

Please investigate the following:

1. The developers of Legends Ridge and River Landing subdivisions purchased Lynnwood Utility, because they needed control of this sewer plant to develop their own subdivisions. Lynnwood Utility owners then misled the Cottonwood Homeowner's Association to believe that the rates paid by Cottonwood residents would not be affected by their expansion plans for the new neighborhoods.
2. Are Cottonwood residents, through increased sewer fees, paying to help insure the profitability of David Terry's (owner of Legends Ridge) and Smith, Crowe, Wilson's (developers of River Landing) land developments?
3. Additional households will be added to Lynnwood Utility from Legends Ridge and River Landing. Please make sure that the revenue projections by Lynnwood Utility take into account these additional households.

Thank you for your consideration in this matter!!

Sincerely,
Alan and Barbara Reed
140 Cottonwood Dr.
Franklin, TN 37069
aarbbr@home.com

Alan A Reed
Barbara A Reed

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JUL - 7 2000

TN REGULATORY AUTHORITY

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JUL - 7 2000

TN REGULATORY AUTHORITY

To: Mr. Melvin Malone Ms. Sara Kyle
 Mr. Lynn Greer Mr. Charles Sergeant
 Ms. Marsha Blackburn

From: Bill & Becky Darby

Date: June 30, 2000

As 25-year residents of Cottonwood we are appalled at the recent increase of our sewage fees from \$13.25 to more than \$50 per month – nearly a **300%** increase. This is an intolerable situation.

Since 1996, developers of the Legends Ridge and River Landing subdivisions have owned Lynnwood Utility because they needed access to and control of a sewage treatment plant in order to be able to develop their subdivisions. Lynnwood's owners misled and misrepresented their plans to the Cottonwood Homeowners' Association Board of Directors, leading the Board to believe that rates paid by Cottonwood residents would not be adversely affected by Lynnwood's expansion plans. That is obviously not the case.

These land developers who became Lynnwood Utility owners have engaged in a complex sequence of financial arrangements that must be more fully explored by the TRA to ensure that Lynnwood Utility's customers' interests have not been sacrificed to secure the profitability of the owners' (David Terry and Smith, Crowe, Wilson) land developments.

As mentioned above Lynnwood's new rate of \$5.77 per 1000 gallons of water used is an increase of 300-400% for Cottonwood residents. The new rate is also approximately 70% higher than other sewer service in our area. Revenue projections provided to the TRA by Lynnwood Utility are grossly understated due to their failure to reflect the revenues generated by the number of additional households coming on line in Legends Ridge and River Landing.

Lastly, we feel that it is an absurdity for Cottonwood residents to subsidize the cost of sewage treatment for the much more affluent subdivisions of Legends Ridge and River Landing. We ask that all of you please do whatever possible to reverse this horrendous situation.

Respectfully,

Becky and Bill Darby
216 Countryside Drive
Franklin, TN 37069

(615) 794-6084
bdarby@isdnet.net